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Susan H. Kuhbach
Senior Office Director for Import Administration
U.S. Department of Commerce
Central Records Unit
Room 1870
Pennsylvania Avenue and 14th Street, NW
Washington, D.C. 20230

Subject: Request for Comment - Application of the Countervailing Duty Law to Imports from the People's Republic of China

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Magnesium Metal Casting System

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Aluminum Foundry, Inc.

Dear Ms. Kuhbach:

On behalf of the American Foundry Society (AFS), we hereby submit the following response to the Department of Commerce's request for comments on the applicability of the countervailing duty (CVD) law to imports from the People's Republic of China. AFS and its members are deeply concerned about the threat posed to U.S. manufacturing by Chinese imports, many of which continue to be subsidized, including castings, by the Chinese government in violation of that country's World Trade Organization (WTO) obligations.

AFS is the leading metacasting association in America. Our members produce cast metal components that are found in over 90 percent of all manufactured goods and equipment. Our industry supports the viability of numerous other industry sectors from agricultural and mining, energy, and transportation, to aerospace, electronics, national defense and homeland security. There are 2,336 foundries nationwide employing nearly 200,000 people directly.

AFS believes that the Department has the authority, if not the obligation, to apply the CVD law to Chinese imports in order to ensure the continued effectiveness of that law as a remedy for U.S. companies and workers. The application of the CVD statute to China is consistent with the statutory language and, while it would represent a change in the Department's practice, the Department has the authority to make such a change, and would be fully justified in doing so in light of changes in the domestic and international legal context.

The CVD statute is intended to "protect American firms from [...] the unfair competitive advantage a foreign producer would have in selling in the American market if that producer's government in effect assumed part of the producer's

expenses of selling here.”¹ Given this mandate, Commerce should interpret the statute broadly to maximize its ability to remedy unfair trade. It is clear that subsidized Chinese imports pose a massive threat to U.S. manufacturing. Application of the CVD law to China is thus not just reasonable, but necessary to give full effect to the remedial purpose of that law.

A U.S. International Trade Commission (ITC) Section 332 fact-finding investigation issued in 2005 into the competitive conditions facing the U.S. metalcasting industry, revealed that foundry customers “significantly increased their purchases of foreign-produced castings at the expense of U.S.-produced castings, primarily because of lower foreign pricing.”² Furthermore, the ITC report stated that China was a major source of the cheap imports flooding the U.S. market. This huge surge in imported castings has directly contributed to the loss of thousands of foundry jobs and numerous foundry closures in recent years, as well as having a negative impact on the total U.S. manufacturing sector.

For the reasons highlighted above, AFS urges the U.S. Department of Commerce to reconsider its practice of not applying the countervailing duty law to non-market economy countries and to conclude that the law does apply to imports from China. It is critical to U.S. manufacturing and the domestic foundry industry to have fair trade not protectionist trade that the Chinese continue to support.

Sincerely,



Jerry Call
AFS Executive Vice President

¹ *Georgetown Steel Corporation v. United States*, 801 F.2d 1308, 1315 (Fed. Cir. 1986). See also *Zenith Radio Corp. v. United States*, 437 U.S. 443, 455-56 (1978).

² “Foundry Products, Competitive Conditions in the U.S. Market” (Investigation No. 332-460, U.S. ITC Publication 3771, May 2005), <www.usitc.gov>